



orig → file
cc → Steve S.
Wayne H.
Steve Alder
MON
9-8-03

September 4, 2003

Mary Ann Wright
Division of Oil, Gas and Mining
State of Utah
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

VIA FAX (801) 359-3940

Dear Mary Ann:

In response to the Division's letter of August 5, 2003, and the May 19, 2003, Notification of Surety Bond Rating Change, Basin Perlite Company, Pearl Queen Perlite Mine, M/001/027, Beaver County, Utah, Basin is proposing an alternative to the Division's proposal in your August 5, 2003 letter. Basin is willing to pay-in to an escrow fund over a six-year period. This would be approximately \$22,267 per year. The other terms of your proposal are acceptable to Basin except that the interest in the escrow fund would be payable to Basin. Your proposal does not address interest earned by the funds. The major reason for Basin asking for this adjustment in the payment period is that our increased surety costs. The existing bond with Kemper was \$1,500 per year but with this new proposal, our surety costs increase from \$1,500 per year to in excess of \$22,000 per year.

I understand from our recent conversation that to present this proposal to the Oil, Gas and Mining Board requires that an attorney make the presentation. Please be advised that Basin legal counsel in Utah, Melvin Leslie will be representing Basin at the October board meeting.

Very truly yours,

William R. Wilson, President
Basin Perlite Company

CC: Tim Hall, Basin Perlite Company
Jay Gatten
Melvin Leslie

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